

- Public and private sector investment expected to increase 10.1% in 2012
- Labour income in B.C. rises 1.1% in fourth quarter; up 4.9% in 2011
- Canadian economy expands 2.5% in 2011

### Public & Private Investment

- Total capital investment by British Columbia's public and private organisations is anticipated to rise 10.1% in 2012. Most of the expected increase is due to a 9.7% advance in private sector investment. However, public sector spending is expected to increase at a slightly higher rate (+11.6%).

A double-digit rise in construction expenditures (+13.1%) is the largest source of the anticipated increase in total investment. Spending on non-residential construction projects is expected to jump 16.9%, a rate of growth not seen since the recent recession. Residential construction investment, which saw no growth in 2011, is expected to increase 7.3% in 2012.

Total capital expenditures on machinery & equipment by public and private organisations are expected to rise 1.8% in 2012. Private sector expenditures are anticipated to edge only slightly higher (+0.9%) compared to the previous year. Public sector spending, however, is expected to advance 9.2% due to increased spending by government departments (+24.0%).

*Data Source: Statistics Canada*

- Nationally, total capital expenditures are expected to grow 6.2% to \$394 billion in 2012. Well ahead of the national average, Newfoundland & Labrador (+26.9%), Alberta (+10.3%) and B.C. (+10.1%) all anticipate double-digit increases in capital spending, with B.C. expected to register the third largest increase in total investment this year.

*Data Source: Statistics Canada*

### The Economy

- Workers in British Columbia saw labour income, including wages, salaries and benefits, rise 1.1% (*seasonally adjusted*) during the fourth quarter of 2011. This marked a tenth straight quarterly increase in B.C.'s total labour income. At the national level, labour income was also 1.1% higher, due to increases in Saskatchewan (+3.1%), Alberta (+2.3%) and Quebec (+1.4%).

*Data Source: Statistics Canada*

- Revenues generated by food service and drinking establishments slipped 0.3% (*seasonally adjusted*) in December, chipping away at gains (+0.6%) made in the previous month. Nationally, receipts generated by the industry rose 0.8% in December. Manitoba (+2.2%), Saskatchewan (+1.6%) and Alberta (+1.4%) posted the largest increases in revenues, while Newfoundland & Labrador (-1.5%) and B.C. (-0.3%) were the only provinces to record a decline in sales.

*Data Source: Statistics Canada*

### 2011 in Review

- Wages, salaries and benefits of British Columbia's workforce rose 4.9% in 2011, building upon gains made during the previous year. Nationally, earnings advanced 4.7% led by a significant increase in Alberta (+8.3%). Newfoundland & Labrador (+7.5%), Saskatchewan (+7.3%) also posted substantial advances. British Columbia, registered the fourth strongest growth in labour income.

*Data Source: Statistics Canada*

- British Columbia's food services and drinking places industry saw total revenues dip

### Did you know...

Less than a third (32%) of British Columbians considered "safety" one of their top priorities when buying a car, ranking "price" (48%) and "fuel efficiency" (42%) more important factors.

*Data Source: Ipsos Canada*

**0.3% in 2011.** This marked the first time that industry revenues contracted since 1998.<sup>1</sup> Despite a modest increase (+1.1%) in receipts for full-service restaurants, revenues generated by limited-service (-1.7%) and special food service (-1.9%) establishments were notably lower. Business at B.C.'s drinking places was virtually unchanged from the previous year.

Nationally, the industry revenues were up 3.9% in 2011. Alberta (+7.5%) and Newfoundland & Labrador (+6.8%) posted the largest monthly gains. British Columbia was the only province to register a slowdown in revenues in 2011.

*Data Source: Statistics Canada*

### Tourism

- **In 2011, total spending by Canadian travellers in other countries rose 7.2% compared to the previous year.** Canadian residents visiting the United States spent \$19.9 billion, an increase of 9.3% from 2010 levels. Countries other than the U.S. saw a 4.1% increase in payments by Canadian travellers, which totalled \$12.8 billion in 2011.

Total receipts from non-resident visitors rose 3.5% in 2011, largely driven by an increase (+5.3%) in expenditures by non-U.S. travellers, which reached \$9.4 billion. Spending by U.S. visitors, however, rose to \$7.3 billion, only slightly (+1.2%) higher than the total for 2010.

Overall, Canada's international travel account deficit widened by \$1.6 billion in 2011.

*Data Source: Statistics Canada*

### The Nation

- **The Canadian economy expanded 2.5% in 2011, marking a slowdown in growth of real gross domestic product (GDP) from the pace set (+3.2%) in 2010.** While consumer spending was moderately higher (+2.2%), the biggest source of growth in economic activity

was a significant boost (+9.3%) in business investment, specifically non-residential construction (+13.7%) and machinery & equipment (+13.7%). Government spending on goods & services advanced slightly (+1.2%), while drawing down (-2.9%) its level of capital investment. Overall, Canadian final domestic demand expanded 3.0% in 2011, notably slower than the rate of growth posted (+4.5%) in 2010.

Exports advanced 4.4% in 2011, down from the level of growth (+6.4%) in the previous year. The increase in imports (+6.5%) outpaced that of exports, leading to a further widening of Canada's trade deficit with the rest of the world.

Most major industry groups posted increased levels of economic activity in 2011, with goods-producing industries (+3.6%) registering stronger gains than those in the service sector (+2.2%). Mining and oil & gas extraction (+4.5%), construction (+4.1%), finance, insurance & real estate (+2.6%), and manufacturing (+2.4%) were the largest contributors to overall growth.

*Data Source: Statistics Canada*

- **During the fourth quarter, real domestic product (GDP) in Canada advanced 0.4% (seasonally adjusted) following a 1.0% increase the previous quarter.** Exports (+1.1%) and consumer spending (+0.7%) were the largest contributors to the overall increase. Total capital investment by the business sector advanced (+1.5%), chiefly due to an increase in non-residential construction (+3.2%). This was the tenth consecutive quarterly increase in investment by the business sector.

*Data Source: Statistics Canada*

*Infoline Issue: 12-09  
March 2, 2012*

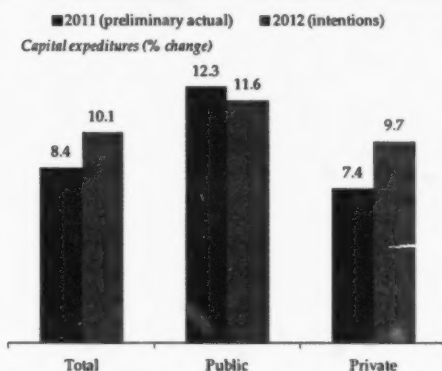
<sup>1</sup> The first year for which the current revenue data are available.

## Public and Private Investment Intentions

**Capital investment in B.C. is expected to reach \$50.8 billion in 2012**

Total capital investment by British Columbia's public and private organisations is anticipated to rise 10.1%, reaching \$50.8 billion in 2012.<sup>1</sup>

*Capital investment to be fuelled by spending by both the private and public sectors in 2012*



Data Source: Statistics Canada

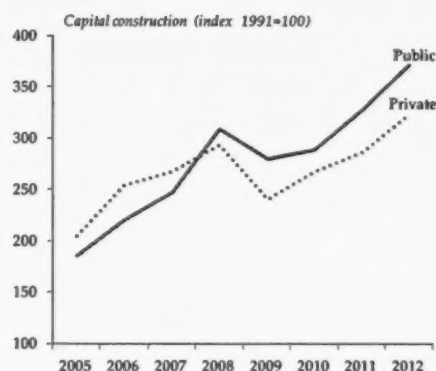
Most of the expected increase is due to a 9.7% advance in private sector investment. However, public sector spending is expected to rise at a slightly higher rate (+11.6%).

**Double-digit increase in construction expenditures anticipated for 2012**

A double-digit rise in construction expenditures (+13.1%) is the largest source of the anticipated increase in total investment for 2012.<sup>2</sup> Spending on non-residential con-

struction projects is expected to jump 16.9%, a rate of growth not seen since the recent recession. Most major industry groups in B.C. expect to increase spending on non-residential construction in 2012.

*Construction spending by the public sector has risen faster than private sector expenditures*



Data Source: Statistics Canada

Business spending on non-residential structures is forecast to advance 19.9% in 2012, chiefly driven by a significant increase in planned investment by firms in primary industries (+14.6%) and communications & utilities (22.7%).

The manufacturing sector is projected to more than double (+172.4%) its investment in new construction projects in 2012, with producers of wood (+106.7%), paper

<sup>1</sup> Capital expenditures are valued in current dollars. Therefore, growth rates include the effect of price changes due to inflation.

<sup>2</sup> Capital construction includes the erection, assembly, and completion of free standing, static buildings or other types of

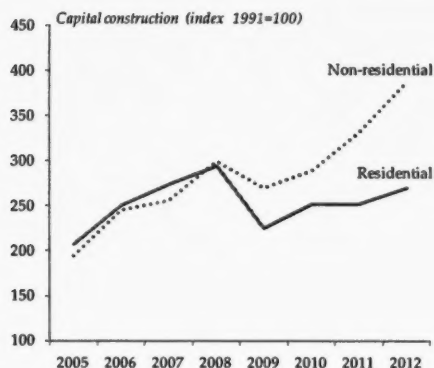
structures, generally on a permanent foundation. Construction also includes modifications, additions and major renovations where either a structural change takes place or the life of an existing asset is extended. Repairs and maintenance related to existing structures are *not* considered capital expenditures.

(+70.6%), and other (+178.9%) products projecting substantial increases.

Investment in non-residential structures by government departments is expected to increase 11.7% in 2012. Outlays for non-residential construction by education, health & social services industries, however, are expected to dip 2.6%.

After registering no growth during the previous year, total residential construction is expected to rise 7.3% in 2012. Since 2008, growth of residential construction investment has been somewhat sluggish. Even including anticipated spending for 2012, investment in residential construction is predicted to remain well below (-7.9%) the 2008 level.

*Since 2008, growth of non-residential investment has exceeded residential investment*



Data Source: Statistics Canada

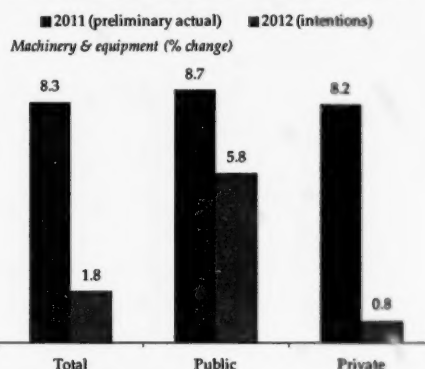
### Spending on machinery & equipment is projected to advance 1.8% in 2012

Total capital expenditures on machinery & equipment by public and private organisations are expected to inch 1.8% higher in 2012.<sup>3</sup>

<sup>3</sup> Capital spending on machinery and equipment represent the total capitalized cost of machinery such as automobiles, earth moving machines, office furniture, and professional

In 2012, private sector expenditures on machinery & equipment are anticipated to edge only slightly higher (+0.9%) compared to the previous year. While the construction (+4.6%), primary industry (+4.1%), and communications & utilities (+2.3%) sectors predicted increased investment in machinery & equipment, manufacturing (-0.8%) and other services (-0.2%) expect to reduce their investment.

### Growth of private sector spending on machinery & equipment is expected to slow in 2012



Data Source: Statistics Canada

After posting a sharp decline (-13.6%) in 2011, capital spending on machinery & equipment by the public sector is expected to jump 9.2% due to increased spending by government departments (+24.0%). Machinery & equipment expenditures by the education, health & social service sector are expected to decline 1.8%.

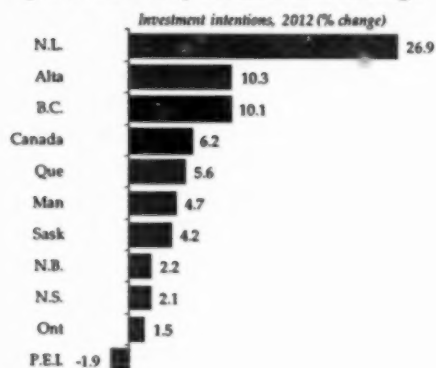
### B.C. expected to have third strongest increase in investment for 2012

Nationally, total capital expenditures are expected to rise 6.2% to \$394 billion in 2012. Well ahead of the national average, Newfoundland & Labrador (+26.9%), Alberta

and scientific equipment. Repair and maintenance related to existing machinery & equipment are *not* considered capital expenditures.

(+10.3%) and B.C. (+10.1%) all anticipate double-digit increases in capital spending.

*Newfoundland, Alberta and B.C. expect growth above of the Canadian average*



Data Source: Statistics Canada

In 2012, Ontario (30%) and Alberta (25%) expect to make up well over half of all capital spending in the country. British Columbia is forecast to account for the fourth largest share (13%) of the national total.





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## BC at a glance . . .

| POPULATION (thousands)                          |            |                          | % change on one year ago |
|---|------------|--------------------------|--------------------------|
|   | Oct 1/2011 |                          |                          |
| BC  | 4,592.0    |                          | 0.9                      |
| Canada  | 34,605.3   |                          | 1.0                      |
| GDP and INCOME (Released Nov 8)                 |            |                          | % change on one year ago |
| (BC - at market prices)                         | 2010       |                          |                          |
| Gross Domestic Product (GDP) (\$ millions)      | 203,147    |                          | 5.9                      |
| GDP (\$ 2002 millions)                          | 167,140    |                          | 3.0                      |
| GDP (\$ 2002 per Capita) (reflects revised pop) | 36,899     |                          | 1.4                      |
| Personal Disposable Income (\$ 2002 per Capita) | 26,166     |                          | 2.2                      |
| TRADE (\$ millions, seasonally adjusted)        |            |                          | % change on prev. month  |
| Manufacturing Shipments - Dec 2011              | 3,104      |                          | -1.9                     |
| Merchandise Exports - Dec 2011                  | 2,771      |                          | -3.6                     |
| Retail Sales - Dec 2011                         | 5,028      |                          | -1.4                     |
| CONSUMER PRICE INDEX                            |            | % change on one year ago | 12-month avg % change    |
| (all items - Jan 2012)                          |            |                          |                          |
| BC  | 1.7        |                          | 2.3                      |
| Vancouver                                       | 1.8        |                          | 2.2                      |
| Victoria  | 1.5        |                          | 2.1                      |
| Canada  | 2.5        |                          | 2.9                      |
| LABOUR FORCE (thousands)                        |            |                          | % change on prev. month  |
| (seasonally adjusted)                           | Jan 2012   |                          |                          |
| Jobs Created (-Lost) - BC                       | -2.2       |                          |                          |
| Labour Force - BC                               | 2,462.1    |                          | -0.1                     |
| Employed - BC                                   | 2,291.7    |                          | -0.1                     |
| Unemployed - BC                                 | 170.4      |                          | -0.7                     |
|   |            | Dec 2011                 |                          |
| Unemployment Rate - BC (percent)                | 6.9        |                          | 7.0                      |
| Unemployment Rate - Canada (percent)            | 7.6        |                          | 7.5                      |
| INTEREST RATES (percent)                        |            | Feb 29/2012              | Mar 2/2011               |
| Prime Business Rate                             |            | 3.00                     | 3.00                     |
| Conventional Mortgages - 1 year                 |            | 3.20                     | 3.50                     |
| - 5 year  |            | 5.24                     | 5.44                     |
| US-CANADA EXCHANGE RATE                         |            | Feb 29/2012              | Mar 2/2011               |
| (avg. noon spot rate) Cdn \$ per US \$          |            | 0.9866                   | 0.9734                   |
| (closing rate) US \$ per Cdn \$                 |            | 1.0106                   | 1.0284                   |
| AVERAGE WEEKLY WAGE RATE                        |            |                          | % change on one year ago |
| (industrial aggregate - dollars)                | Jan 2012   |                          |                          |
| BC  | 851.91     |                          | 2.8                      |
| Canada  | 855.15     |                          | 2.4                      |

### SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada  
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics  
 For latest Weekly Financial Statistics see [www.bankofcanada.ca](http://www.bankofcanada.ca)

### The 2011 National Household Survey

Release dates have been set as:

#### May 8, 2013

- Immigration; Citizenship; Place of birth; Language; Ethnic origin; Visible minorities; Religion; Aboriginal Peoples

#### June 26, 2013

- Labour; Education; Place of work; Commuting to work; Mobility and migration; Language of work

#### August 14, 2013

- Income; Earnings; Housing; Shelter costs

<http://www12.statcan.gc.ca/nhs-enm/index-eng.cfm>

### Census 2011 Fast Facts

According to the 2011 census, compared to other provinces, BC's population growth was second only to Alberta over the 2006 to 2011 period. In May of 2011, the census counted 4,400,057 persons in BC, up 286,570 (+7.0%) from the 2006 count. Read more on the 2011 Census page:

<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Census/2011Census.aspx>

### The 2011 Census Counts are here

Find out how your community has changed. Today, Statistics Canada released the population and dwelling counts from the 2011 Census. These data cover Canada, the provinces and territories as well as smaller regions within BC such as cities, towns, villages and municipalities. See more on the 2011 Census page.

<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Census/2011Census.aspx>

### Released this week by BC Stats

- New Website - [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)
- BC Business Indicators

### Next week

- Tourism Sector Monitor
- Quarterly Regional Statistics, 4th Quarter 2011
- Labour Force Statistics, February 2012
- Earnings & Employment Trends, February 2012

BC Stats, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1

Tel: 250-387-0327 Fax: 250-387-0380 Web: [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca) E-mail: [BC.Stats@gov.bc.ca](mailto:BC.Stats@gov.bc.ca)